

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
KIVA FORUM - CITY HALL
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, ARIZONA 85251
JUNE 7, 2011
REGULAR MEETING
APPROVED MINUTES**

PRESENT: Kate Birchler, Chairwoman
Mike Surguine, Vice Chairman
Ace Bailey, Commissioner
Kathleen Glenn, Commissioner
Michael Hoffman, Commissioner
Leon Young, Commissioner (arrived at 8:06 a.m.)

ABSENT: David Richard, Commissioner

STAFF: Steve Geiogamah, Tourism Development Coordinator
Bryan Dygert, WestWorld General Manager
Bob Tunis, Economic & Tourism Development Manager
Lee Guillory, Finance Manager
Rita McCleary, Economic Vitality
David Smith, Treasurer

GUESTS: Rachel Sacco, SCVB
Brent DeRaad, SCVB
Betty Drake

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairwoman Birchler called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m.

2. Approval of Minutes

- May 17, 2011 Regular Meeting

COMMISSIONER HOFFMAN MOVED TO APPROVE THE MINUTES OF THE MAY 17, 2011 REGULAR MEETING. VICE CHAIRMAN SURGUINE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONER YOUNG WAS NOT YET PRESENT. COMMISSIONER RICHARD WAS ABSENT.

3. Staff Liaison's Report

- a. Staff Bed Tax Collection Report

Ms. Guillory reported that the final numbers for May are not yet available, but preliminary indications show that the bed tax was up 8% for the month of May versus last year. Actual collections total \$1.4 million.

b. Bed Tax Proforma

Mr. Geiogamah said May proforma numbers are not yet available.

c. Smith Travel Report

No report provided.

d. Manager's Update

Mr. Tunis stated that the RFP for the Leisure Visitors Report Study has been approved, and the goal is to have the study done by September/October. The RFP for the five-year plan should be approved this month. The goal is to have it completed by October.

Mr. Tunis reported that the evening's City Council agenda includes an item on Stagecoach Gap, which is proposing a western town on Bell Road near WestWorld. Greenbrier is proposing a multi-purpose building on a site to the east of Stagecoach Gap. At this time, Council is only considering authorization for staff to further negotiate. Neither project is asking for bed tax approval at this time.

Chairwoman Birchler requested that Stagecoach Gap and Greenbrier be invited to make presentations in the very near future. Mr. Tunis suggested the July meeting as a possibility.

Mr. Tunis reported that the Equidome appears to be on the July 5 agenda for approval by Council. The TDC has yet to issue a recommendation on this project, and a special meeting may be required in the last week of June for this purpose.

4. Scottsdale Area Chamber of Commerce "Scottsdale Forward"

Rick Kidder, President/CEO Scottsdale Area Chamber of Commerce, said the Chamber is about to celebrate its 65th Anniversary. The CoC was organized at a time when the community was only one square mile in size. It was founded primarily as a tourism entity with the goal of promoting business downtown. The CoC took up collections for the first street and sewer in Scottsdale, before promoting the idea of a municipality. Scottsdale has grown to a total of 187 square miles. The character of southern Scottsdale is distinctly different from the northern part. Each part has its own tourist assets and they all need to be leveraged.

In 2003, a group of businesses got together to develop an initiative called *Which Way Scottsdale?* The Morrison Institute was given complete freedom to produce the report, which has had a substantial impact on the community. Scottsdale's business success is centered primarily on the notion that the community is one in which people want to live and visit. Instead of being an organization that monolithically pursues quality of

business endeavors, the Scottsdale CoC became one of the first organizations to support the Preserve Tax, and for setting aside one third of Scottsdale's land for the purpose of holding onto the desert in perpetuity. The Preserve is an asset to residents and visitors alike.

Five questions emerged from *Which Way Scottsdale*:

1. Is Scottsdale's legacy at risk? How can it retain and enhance its quality of place?
2. How can Scottsdale shape its niche in a new era?
3. How can the distinctly different character areas within Scottsdale work together?
4. How will Scottsdale function within the greater region?
5. How could Scottsdale address its reputation as a difficult place to do business?

Mr. Kidder said the report produced a tremendous amount of thought, and likely made SkySong, the Waterfront, and hospital expansions possible. *Next Steps Scottsdale* came about as a Chamber initiative to update *Which Way Scottsdale*. It recognizes that the community will not be in an economic recession forever, and must plan for the future.

The Morrison Institute prepared the new report to address the key questions that came out of *Which Way Scottsdale*. It determined that environmental stewardship in Scottsdale is very strong, but even more is needed. Scottsdale is resting on its laurels and failing to recognize that other communities are looking to replicate its success. Young professionals and entrepreneurs are extraordinarily important to Scottsdale's future even as the population ages. Tourism and wellness offer opportunities for the city to carve out a unique, different, and superior niche. Scottsdale needs to enhance its quality of life without becoming stagnant.

Communities are evolutionary. There is a need to delicately balance quality of life with quality of business. Scottsdale's unique character areas should be allowed to grow and develop independently of each other, but under a single umbrella. Each area caters to a different clientele. The CoC has come out in support of the Discovery Triangle and for ensuring that Scottsdale improves connectivity to its neighbors, especially the Salt River Pima-Maricopa Indian Community, which is a major economic powerhouse. The freeway corridor has the potential to employ 45,000 people at full capacity, but the transportation infrastructure cannot handle that many people. How can the city address those impacts? How can the city address the perception that Scottsdale is not engaged regionally?

Mr. Kidder said these questions prompted the *Scottsdale Forward* initiative, which was developed by the Chamber's Executive Forum. The purpose of this initiative is to transform the issues that emerged from *Next Steps Scottsdale* into an agenda. *Scottsdale Forward* will continue with an event on September 14. The keynote speaker will be Jerry Colangelo, who will provide insight on economic development under the new public/private partnership entity, Arizona Commerce Authority.

Mr. Kidder said key themes are emerging, including the need to attract young, diverse entrepreneurs to the community. A strong K-12 education system is crucial, as are enhanced university options. For a state of its size, Arizona has among the fewest private universities in the U.S. Tourism, arts, and culture have to be leveraged.

Scottsdale is a lifestyle community with an international reputation that will be extremely important for building a business base. Many of Scottsdale's existing business leaders decided to start or relocate their businesses here after first visiting as tourists.

Mr. Kidder stated that the *Scottsdale Forward* agenda calls for building cross-boundary synergies. It is important that the City and the business community work very closely. The CoC now has two committees working on business attraction and retention. The revitalization of southern Scottsdale is essential. The Bell Road corridor is a key entertainment and community gathering asset that should be leveraged for both tourists and residents. Scottsdale has to be willing to dream big, and not just think about the very practical. The community was built on dreams, and those dreams must continue. It is partly the responsibility of the Executive Forum to help put forth an agenda of dreaming big.

Chairwoman Birchler inquired whether the Executive Forum or the Board included any other tourism representation besides Rachel Sacco of the SCVB. Mr. Kidder responded that the next *Scottsdale Forward* event will delve into the tourism issue in greater depth. Chairwoman Birchler offered the TDC's partnership in that event.

5. Bed Tax Allocation

Ms. Guillory noted that nothing has changed from the proposal that was presented to the TDC at the last meeting. Chairwoman Birchler inquired about a maximum cap on bed tax contributions to capital projects. Ms. Guillory responded that the way it is currently written, it is just an annual cap. There could be multi-year commitments for projects, especially for debt service to support bonds.

Vice Chairman Surguine recommended that the bed tax fund no more than 50% of the total capital cost of any project. Any project should not rely solely on bed tax, but should have to seek other sources of funding as well. Ms. Guillory suggested that the requirement apply to projects that cost over \$1 million. Chairwoman Birchler preferred that the 50% requirement apply to all projects for consistency, regardless of the cost.

David Smith, City Treasurer, noted that a minimum threshold would benefit several projects, such as the ADA improvement at WestWorld, which was only \$275,000. It is unlikely that projects of this nature would attract a significant amount of private sector contributions. He agreed that major capital projects should have some private sector support, and there are good reasons that the TDC might want to consider putting a 50% limitation on major projects. Chairwoman Birchler responded that the ADA project never came before the TDC. As part of the process, any capital project that intends to utilize bed tax as a funding source should come before the Commission for input.

Commissioner Hoffman questioned whether it made sense to reduce the allocation when the Commission's task is to grow events and event development. Chairwoman Birchler noted that the TDC also has the opportunity to dedicate 10% to a one-time event. Chairwoman Birchler welcomed public comments.

Betty Drake addressed the Equidome project. The City has already invested over \$600,000 to get the project through the schematic design phase. A complete DRB

application will be filed on July 15. The project has a lot of momentum behind it and the team is working under a tight deadline. Construction can only take place in the off season to minimize impacts to the major winter events. There is considerable buzz within the horse show community about the Equidome. At least four national and championship level events, and nine local and regional events are seriously interested in moving to Scottsdale. These events would generate over \$41 million in new revenue, and over \$887,000 in new bed tax.

Ms. Drake said projections indicate that the City's bed tax investment in the WestWorld project will be repaid within three years. This money can then be invested in projects like the Western Museum and the Desert Discovery Center. These are very worthy projects, but are in much earlier stages of development. The Equidome project will bring people to Scottsdale and boost the economy during summer months when Scottsdale needs it most.

Chairwoman Birchler closed the public comment period.

VICE CHAIRMAN SURGUINE MOVED TO RECOMMEND ADOPTION OF THE CITY OF SCOTTSDALE FINANCIAL POLICY, WITH THE ADDITION THAT BED TAX FUNDS BE LIMITED TO NO MORE THAN 50% OF AN INDIVIDUAL CAPITAL PROJECT, AND THAT ANY CAPITAL PROJECT THAT INTENDS TO USE BED TAX AS A FUNDING SOURCE BE BROUGHT BEFORE THE TDC. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER RICHARD WAS ABSENT.

6. Special Event Program Proposal

Mr. Tunis presented a report that was prepared jointly by Economic Vitality and the staff of the SCVB. Staff has met with the SCVB to see how to address the TDC's concern that operations could benefit from better coordination. The proposal addresses several areas:

1. Event venue signage and event notification
2. Event venue limitations and improvements
3. New event marketing assistance and event development
4. Enhanced communication with event producers
5. Determining options for standardized event economic impact research

Vice Chairman Surguine called the visible progress very encouraging. Since event producers expressed their frustration six months ago, the City has made noticeable efforts to reach out to them to find ways to improve the process. It should be up to Economic Vitality to ensure that the process is made as easy as possible, and to grow existing events. Whatever entity ends up being responsible for new event development should have adequate resources to pursue that goal. Appropriate performance measures should be put in place. Mr. Tunis responded that performance measures will be addressed both in the five-year plan and in the proposed joint work plan.

Brent DeRaad said the event producers very much appreciated the most recent meeting with EV and the SCVB. All events indicated their support of the MEAF program, and of

the need for signage and banners. They indicated that at least five different events could be expanded into the fall. There was strong agreement among them that new or upgraded event venues are needed in order to retain and grow existing events. The Equidome would certainly help with equestrian-related events, particularly during the off season. The multi-purpose Greenbrier venue is also an attractive project.

The meeting also discussed permanent solutions for the Celebration of Fine Art and Russo and Steele, which currently depend on State Trust land that is destined for eventual auction. The event producers feel Scottsdale is on the right path. The SCVB intends to meet with City staff to determine how to advance new event development. It will take time and resources. The City Attorney is looking at changes to the Sign Ordinance that would allow banners and signage in time for the 2012 event season. The SCVB is trying to standardize economic impact research to better determine a return on investment for bed tax dollars, and is also searching for a better way to help events track room nights.

Commissioner Bailey inquired whether the proposal does anything to streamline the City's process. Mr. Tunis explained that the application process will be addressed in a separate item.

COMMISSIONER HOFFMAN MOVED TO MOVE FORWARD WITH THE JOINT SCVB AND ECONOMIC VITALITY PROPOSAL. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER RICHARD WAS ABSENT.

7. FY11/12 Event Funding Program

Mr. Geiogamah presented changes to the program known as MEAF. The objectives and program criteria of the last six years would remain the same. The biggest change would be the tiered funding criteria. If the TDC desires, the MEAF program name could be changed.

Staff proposes three different tiers:

1. Tier 1 events could receive up to \$30,000 in bed tax funds. The target market must be national and international.
2. Tier 2 events are more regional in nature, with additional value provided to shoulder and off season events. They would receive a maximum of \$15,000.
3. Tier 3 events have more limited promotions and are generally shorter in duration.

The proposed timeline would allow for final approval from City Council in October, 2011.

VICE CHAIRMAN SURGUINE MOVED TO APPROVE THE FY11/12 EVENT FUNDING PROGRAM. COMMISSIONER HOFFMAN SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER RICHARD WAS ABSENT.

8. Identification of Future Agenda Items

Vice Chairman Surguine requested that any special meeting the TDC might hold in relation to the Equidome should occur after the June 28th meeting, when Commissioners will have a better understanding of the formula that limits how much bed tax can be applied to any particular project.

Vice Chairman Surguine requested an update on the Fiesta Bowl. Commissioner Young requested an update on the Noise Ordinance.

9. Public Comment

There were no public comments.

10. Adjournment

The meeting adjourned at 9:12 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.